



Committed to the future of rural communities.

## Rural Economic Development Grant (REDG) Program

### PURPOSE

- To promote rural economic development and job creation projects.

### APPLICANT ELIGIBILITY

- RUS (Rural Utility Service) Electric and Telephone utility borrowers only
- Financially sound organization
- Current on all Federal debts

### USE OF GRANT FUNDS

- Establish and operate a **Revolving Loan Fund** to provide loans that foster rural economic development.

### MAXIMUM AND MINIMUM GRANT AMOUNTS

- Maximum \$300,000
- Minimum \$10,000

### REVOLVING LOAN FUND (RLF)

- Initial loan for certain purposes only (see "Initial Loan Purpose" below). 0% interest, 10 year maximum term.
- Subsequent loans, made from repayments of initial loan, may be used for any rural economic development purpose outlined in the grantee's **Rural Development Plan**. Interest rate not to exceed prime, 10-year maximum term.
- Grantee will provide matching funds to the RLF in an amount equal to 20% of the grant
- Grantee may charge loan recipients reasonable loan servicing fees (not to exceed 1% of the outstanding balance of the recipient's loan).
- Grantee may use funds from the RLF to cover operating expenses of the RLF (not to exceed 10% of the grant over the lifetime of the RLF).
- Minimum 20% supplemental financing required of loan recipient.

### INITIAL LOAN PURPOSE

- Business incubators established by non-profit organizations to assist in developing emerging enterprises.
- Community development assistance to non-profit and public bodies for employment creation projects or projects that provide needed community facilities and services.
- Projects that provide education and training to rural residents to facilitate economic development.
- Projects that provide medical care to rural residents including medical training to rural health care providers.
- Projects that utilize advanced telecommunications and/or computer networks to facilitate medical or educational services or job training.

## RURAL DEVELOPMENT PLAN

- The RLF will be administered in accordance with a Rural Development Plan developed by the Grantee and approved by USDA – Rural Development.
- The Rural Development Plan will include the following items:
  - Specific objectives
  - Operating procedures
  - Lending parameters
  - Application process
  - Types of projects to be funded
  - Maximum and Minimum loan amounts
  - Coordination with local lenders
  - Method of disposition of funds
  - Monitoring/reporting requirements

## APPLICATION PROCESS

- Applications are submitted to the USDA – Rural Development State Office for review and rating
- Applications are forwarded to the USDA – Rural Development National Office for selection on a national competitive basis
- Applications are selected quarterly

## SELECTION FACTORS

- Nature of the project
- Job creation projections
- Long-term improvements in economic development
- Diversifying the rural economy or alleviating underemployment
- Supplemental funds
- Economic conditions and job creation
- Unemployment rates
- Per capita personal income
- Change in population
- Number of long-term jobs
- Community-based economic development program
- Plan for improving the marketable skills of people in rural areas
- Location (rural)
- Support for program – cushion of credit payments
- Demonstration project
- Probability of success
- Ownership and management of the project
- Ultimate recipient's business plan
- Completeness of application

## FOR MORE INFORMATION

Contact the USDA - Rural Development State Office in Des Moines at 515-284-4714 or one of our USDA - Rural Development Area Offices shown below. TDD for hearing impaired (515) 284-4858.

- |                  |              |              |              |
|------------------|--------------|--------------|--------------|
| ▪ Iowa Falls     | 641-648-5181 | ▪ Indianola  | 515-961-5365 |
| ▪ Waverly        | 319-352-1715 | ▪ Atlantic   | 712-243-2107 |
| ▪ Tipton         | 563-886-6006 | ▪ Le Mars    | 712-546-5149 |
| ▪ Mount Pleasant | 319-986-5800 | ▪ Storm Lake | 712-732-1851 |
| ▪ Albia          | 641-932-3031 | ▪ Humboldt   | 515-332-4411 |

[www.rurdev.usda.gov](http://www.rurdev.usda.gov)